

Message Text

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PAGE 01 LIMA 05479 221832Z
ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 AID-05 EB-08 L-03 COME-00
TRSE-00 /033 W

-----022081 230406Z /13

R 221717Z JUN 78
FM AMEMBASSY LIMA
TO SECSTATE WASHDC 591
INFO AMEMBASSY LA PAZ
AMEMBASSY BOGOTA
AMEMBASSY CARACAS
AMEMBASSY QUITO

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E.O. 11652: N/A
TAGS: ECIN EFIN PE BO
SUBJ: BOLIVIAN PROPOSAL FOR AGREEMENT ON OPIC INSURANCE

REF: LA PAZ 4406, LA PAZ 4720, LIMA 2892

1. THE FOLLOWING OBSERVATIONS ARE SUBMITTED IN RESPONSE TO THE SUGGESTION IN LA PAZ 4720 THAT OTHER ANDEAN POSTS COMMENT ON THE BOLIVIAN PROPOSAL. THEY ARE GENERALLY BASED ON EARLIER CONVERSATIONS HERE BETWEEN WEISENFELD AND TECHNICAL LEVELS OF GOP AND ANCOM SECRETARIAT.

2. FIRST OF ALL WE CONCUR THAT THE ANCOM SECRETARIAT IS UNLIKELY TO PUSH THE JUNTA TO TAKE AN INITIATIVE TO BLESS ANY FORM OF OPIC AGREEMENT. THE IMPETUS, IF THERE IS TO BE ONE, WILL HAVE TO COME FROM THE MEMBER GOVERNMENTS. IN THIS REGARD, BOLIVIA'S ACTION IS A BREAKTHROUGH, WHICH IF ACCEPTED BY THE USG AS OUTLINED, COULD CONTRIBUTE TO THE POSSIBILITY OF OPIC OFFERING A WIDER RANGE OF SERVICES IN THE ANCOM.

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3. WE AGREE WITH LA PAZ THAT THERE IS NO CHANCE FOR ANY AGREEMENT WHICH WOULD BIND THE COUNTRIES TO ACCEPT ARBITRATION. THE DEPARTMENT MUST FINALLY EVALUATE THE RELATIVE IMPORTANCE OF OPIC PRESENCE IN THE ANCOM AGAINST THE VALUE WE PLACE ON ARBITRATION AS A NECESSARY SETTLEMENT MECHANISM. FROM HERE IT IS CLEAR THAT WE CANNOT ACHIEVE BOTH. ON THE OTHER HAND, THE POSSIBILITY OF OVERCOMING THE SUBROGATION

ISSUE THROUGH THE INTRODUCTION OF A "FIDUCIARY AGENT" SEEMED VIABLE TO MEMBERS OF THE ANCOM LEGAL STAFF FOR A LONG TIME UNTIL THEY SUDDENLY BACKED AWAY IN THE FACE OF NEGATIVE REACTIONS FROM QUITO (LIMA 2892). WHEN THE CONCEPT WAS PRESENTED TO SENIOR TECHNICAL LEVELS OF THE GOP IN THE MINISTRY OF ECONOMY AND FINANCE AND THE OFFICE OF INTEGRATION IN MICTI THE REACTION WAS OF COURSE TENTATIVE, BUT ONE OF WILLINGNESS TO EXPLORE THIS POSSIBLE WAY AROUND THE SUBROGATION BARRIER.

4. AS FOR THE PROSPECTS IN PERU, WE BELIEVE THAT HOWEVER SINCERE THE GOP INTEREST IN STIMULATING NEW FOREIGN PRIVATE INVESTMENT, IT WOULD LIKELY BE SOME TIME, AT LEAST, BEFORE PERU WOULD FOLLOW BOLIVIA'S LEAD ON THE POTENTIALLY CONTROVERSIAL ISSUE OF OPIC. THE CURRENT ECONOMIC CRISIS WILL REQUIRE CONTINUING UNPOPULAR GOVERNMENT MEASURES TO QUALIFY FOR IMF AND PRIVATE BANK CREDITS, AND POLITICAL UNCERTAINTIES RELATED TO THE RETURN TO CIVILIAN GOVERNMENT FURTHER LIMIT GOP FREEDOM OF ACTION. THUS, EVEN IF BOLIVIA'S PROPOSAL IS ADOPTED, WE DO NOT BELIEVE WE REASONABLY CAN URGE THE GOP TO FOLLOW SUIT IN THE NEAR FUTURE. OVER THE LONGER RUN, HOWEVER, AN OPIC PROGRAM IN PERU WOULD BE A USEFUL INSTRUMENT TO BOLSTER CONFIDENCE IN THE PRIVATE SECTOR.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, INSURANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 22 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LIMA05479
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780261-0726
Format: TEL
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780631/aaaabapq.tel
Line Count: 86
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7898bf83-c288-dd11-92da-001cc4696bcc
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 LA PAZ 4406, 78 LA PAZ 4720, 78 LIMA 2892
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2249702
Secure: OPEN
Status: NATIVE
Subject: BOLIVIAN PROPOSAL FOR AGREEMENT ON OPIC INSURANCE
TAGS: ECIN, EFIN, PE, BL, OPIC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7898bf83-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014